Before the Federal Communications Commission Washington DC 20054

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In the Matter of)	Pederal Communications Commodision Office of the Secretary
Inquiry Concerning the Deployment of)	
Advanced Telecommunications)	
Capability to All Americans in a Reasonable)	CC Docket No. 98-146
and Timely Fashion, and Possible Steps)	
to Accelerate Such Deployment)	
Pursuant to Section 706 of the	DOOKET	FILE COPY ORIGINAL
Telecommunications Act of 1996	DUCKE	FILL OO! I STATE

COMMENTS OF GLOBAL CROSSING LTD.

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SUMMARY

Global Crossing Ltd., the first independent provider of global telecommunications facilities and services utilizing the world's most extensive fiber optic network of undersea and terrestrial fiber cable systems, respectfully provides these comments in response to the instant Notice of Inquiry. Through its Notice of Inquiry the Commission commences its third inquiry into the deployment of advanced telecommunications capability mandated by Section 706 of the Telecommunications Act of 1996. Among other issues, the Commission asks whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion and what can be done to accelerate such deployment.

The emergence of the Internet and the corresponding explosion in data traffic have created a tremendous demand for new telecommunications infrastructure. As a result, there has been, and continues to be, significant increases in the deployment of local, regional, national, and international high speed, fiber optic facilities. This increase in fiber optic deployment activity has led to a corresponding increase in the demand for access to the rights-of-way and public lands controlled by federal, state and local governments. Access to these rights-of-way and public lands is therefore critical to the continued deployment of broadband telecommunications networks — the backbone and access facilities integral to the provision of advanced telecommunications capabilities.

In addition, telecommunications networks are also a key element of the nation's critical infrastructure. Government policies that delay or prevent deployment or significantly increase deployment costs, undermine these networks and interfere with the ability of carriers to meet customer requirements and the ability of customers to insulate themselves from catastrophic events.

While Section 253 of the Communications Act of 1934, as added by the 1996 Act, was aimed at removing state and local barriers to entry, more than five years after passage of the 1996 Act, the rights-of-way practices of federal, state, and local governments continue to stand as significant barriers to the deployment of advanced telecommunications capability, even in the face of Section 253. Across the country, governmental entities that control rights-of-way and public lands at the federal, state, and local levels, are abusing their control over rights-of-way and public lands, playing off providers' need to rapidly deploy their networks, in order to extract unreasonable concessions from providers of broadband facilities. As a result, deployment is often delayed, and at times abandoned; the result is increased costs to telecommunications providers, and ultimately to American consumers. In its comments, Global Crossing provides examples that are illustrative of the ambiguities and loopholes in Section 253, as well as the problems associated with its enforcement.

This issue is not a new one for the Commission. The Commission recognized these problems in 1999 when it issued a Notice of Inquiry into State and local policies regarding telecommunications service providers' access to public rights-of-way. In addition, the Commission has adjudicated numerous individual petitions by carriers brought under Section 253(d) that involve the rights-of-way practices of state and local governments.

It is time for the Commission and Congress to address these issues through a comprehensive policy framework that will ensure that governmental entities do not continue to hinder the deployment of the facilities necessary for the provision of advanced telecommunications capabilities. In its report, the Commission should therefore describe in detail the obstacles to deployment currently being erected by federal, state and local governments

based on the record in this proceeding and the comments received in response to its previous Notice of Inquiry on rights-of-way practices.

The Commission should include in its Section 706 report a discussion of the barriers to the deployment of broadband networks associated with the abusive rights-of-way practices of federal, state and local units of government. In its report, the Commission should also suggest that Congress clarify and broaden the scope of Section 253. In addition, the Commission should use its preemption authority under Section 253(d), as well as its authority under Section 706, to enact new regulations delineating the proper scope of right-of-way management authority, limiting excessive compensation schemes, establishing specific time frames within which governmental entities must act, and enacting expedited enforcement procedures.

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Pursuant to Section 706 of the)	
Telecommunications Act of 1996)	

COMMENTS OF GLOBAL CROSSING LTD.

Global Crossing Ltd. ("Global Crossing"), by its undersigned counsel, hereby submits these comments in response to the Commission's Notice of Inquiry in the above-captioned proceeding.¹

INTRODUCTION

On August 10, 2001, the Commission released a Notice of Inquiry in the above-captioned docket seeking comment on "whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion." In particular, the Notice seeks comment on, among other things, what can be done to accelerate the deployment on a reasonable and timely basis of advanced telecommunications capability.³

¹ Notice of Inquiry, Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, CC Docket No. 98-146 (rel. Aug. 10, 2001) ("Section 706 NOI")

² See § 706(b) of the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996) ("1996 Act").

³ Section 706 NOI ¶ 25-26.

Global Crossing is the first independent provider of global telecommunications facilities and services, utilizing the world's most extensive fiber optic network of undersea and terrestrial fiber cable systems. Global Crossing, through its subsidiary companies, operates six U.S.-based high-capacity, state-of-the art fiber optic submarine cable systems connecting the U.S. with Asia, Europe and the Americas, in addition to terrestrial backbone networks in Asia, Europe, Central and South America and the United States. The Global Crossing network includes over 100,000 route miles of fiber, providing voice and data services in 27 countries and more than 200 cities worldwide. Global Crossing is one of the premier providers of high-speed telecommunications capacity to wholesale and retail customers, including telecommunications providers, Internet providers, new competitive entrants, and to large institutional and corporate customers.

This proceeding is significant to Global Crossing and the entire competitive telecommunications industry. The emergence of the Internet and the corresponding explosion in data traffic have created a tremendous demand for new telecommunications infrastructure. As a result, there has been, and continues to be, significant increases in the deployment of local, regional, national, and international high speed, fiber optic facilities. This increase in fiber optic deployment activity has led to a corresponding increase in the demand for access to the rights-of-way and public lands controlled by federal, state and local governments. Access to these rights-of-way and public lands is therefore critical to the continued deployment of broadband telecommunications networks -- the backbone and access facilities integral to the provision of advanced telecommunications capabilities.

Telecommunications networks are also a key element of the nation's critical infrastructure – facilities that "are so vital that their incapacity or destruction would have a

debilitating impact on the defense or economic security of the United States."

As the President's Commission on Critical Infrastructure Protection concluded in its comprehensive report on critical infrastructure protection, "information and communications infrastructure hav[e] become vital to every critical economic, social, and military activity in the nation."

Accordingly, "action to implement effective assurance practices is a matter of great urgency."

This point was dramatically illustrated in the aftermath of the recent attacks on the World Trade Center, which demonstrated the resiliency of the telecommunications network in New York, and the importance of diverse and redundant routing provided by multiple, competing carriers. Of course, access to public rights-of-way is essential to constructing and strengthening the nation's telecommunications infrastructure. Government policies that delay or prevent deployment or significantly increase deployment costs, undermine these networks and interfere with the ability of carriers to meet customer requirements and the ability of customers to insulate themselves from catastrophic events.

It is thus important for the Commission to articulate – and the Congress embrace – a broadband infrastructure deployment policy that reaffirms the principles of the free market and competition, and fosters the continued deployment of multiple, competing high-speed networks. These principles are embodied in the 1996 Act, which fundamentally altered national telecommunication policy by "promot[ing] competition and reduc[ing] regulation in order to secure lower prices and higher quality services for American telecommunications consumers and

⁴ See Executive Order No. 13010 (July 15, 1996).

⁵ Critical Foundations Protecting America's Infrastructures, The Report of the President's Commission on Critical Infrastructure Protection at Appendix A-8 (Oct. 1997). Available at http://www.ciao.gov/PCCIP/report_index.htm.

⁶ *Id*.

encourage the rapid deployment of new telecommunications technologies." In particular, Section 253 of the Communications Act of 1934, as added by the 1996 Act, was aimed at removing state and local barriers to entry, including abuses over government management of rights-of-way, which stand as impediments to the deployment of next generation telecommunications networks.⁸

In practice, however, the rights-of-way practices of federal, state, and local governments, even in the face of Section 253, continue to stand as significant barriers to the deployment of advanced telecommunications capability. Across the country, governmental entities that control rights-of-way are acting as individual monopolies – abusing their authority, and playing off providers' need to rapidly deploy their networks, in order to extract unreasonable concessions from providers of broadband facilities. Litigation, even if successful, is costly, time-consuming and only adds to the uncertainty associated with deploying next-generation telecommunications networks. As a result, deployment is often delayed, and at times abandoned; the result is increased costs to telecommunications providers, and ultimately to American consumers.

This issue is not a new one for the Commission. The Commission recognized these problems in 1999 when it issued a Notice of Inquiry "in order to compile a record on how State and local policies regarding telecommunications service providers' access to public rights-of-way . . . may be affecting competition." In this Right-of-Way NOI, the Commission recognized

⁷ 110 Stat. 56.

⁸ Specifically, Section 253(a) seeks to ensure that state and local laws, regulations and requirements do not serve as barriers to entry into the telecommunications market, by providing that "[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." Section 253(c) retains for state and local governments the authority to manage their public rights-of-way, but requires that management of public rights-of-way be "competitively neutral and nondiscriminatory" and that any fees assessed be "fair and reasonable". Section 253(d) allows the Federal Communications Commission to preempt violations of Sections 253(a) and (b).

⁹ Notice of Inquiry, Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 ¶ 1 (rel. July 7, 1999) ("Right-of-Way NOI").

that "the cases consistently recognize that certain types of practices are inimical to competition and are not consistent with section 253." Numerous carriers and other interested parties provided comments in response to the Commission's inquiry. In addition, the Commission has adjudicated numerous individual petitions by carriers brought under Section 253(d) that involve the rights-of-way practices of state and local governments. Rather than continuing to leave these issues for resolution on a case-by-case basis, however, it is time for the Commission and Congress to address these issues through a comprehensive policy framework that will ensure that governmental entities do not continue to hinder the deployment of the facilities necessary for the provision of advanced telecommunications capabilities.

In its Report upon completion of this Inquiry, the Commission should therefore describe in detail the obstacles to deployment currently being erected by federal, state and local governments based on the record in this proceeding and the comments received in response to its previous Notice of Inquiry. The Commission should draw upon these comments to highlight the need to clarify and broaden the scope of Section 253, in particular, emphasizing that a government's authority over rights-of-way may only be used to regulate the time, place and manner in which telecommunications providers access those rights-of-way. A government's authority to manage the public rights-of-way should not be used to assess fees that are above the actual and direct costs of managing the public rights-of-way, or impose conditions that are unrelated to the management of the rights-of-way. Finally, the Commission should enact rules that promote the rapid, efficient development of advanced telecommunications capacity.

¹⁰ *Id.* ¶ 75.

DISCUSSION

I. RIGHT-OF-WAY PRACTICES, ON THE FEDERAL, STATE AND LOCAL LEVEL, ARE A SIGNIFICANT BARRIER TO THE DEPLOYMENT OF ADVANCED TELECOMMUNICATIONS CAPABILITY

Over five years since the passage of the 1996 Act, right-of-way practices on the federal, state and local levels continue to present significant and growing barriers to the deployment of advanced telecommunications capability. Federal agencies, state governments, and local entities have been using their authority over rights-of-way and public lands to extract from telecommunications providers exorbitant fees, impose conditions unrelated to the management of the rights-of-way, and to delay significantly, or prevent outright, the deployment of crucial advanced telecommunications systems.

Global Crossing has experienced these problems first-hand, and takes this opportunity to provide examples that are illustrative of the ambiguities and loopholes in Section 253, as well as the problems associated with its enforcement.

Global Crossing is constructing an international point-to-point high capacity cable link between its submarine cable landing station in Tijuana, Mexico and a primary telecommunications hub in San Diego, California. In order to construct this link, Global Crossing needs to access the rights-of-way of three California cities along the route. The three cities initially insisted on negotiating with Global Crossing as a unified bloc. After intense legal negotiations, two of the cities decided to work cooperatively with Global Crossing; however, with respect to the third city, it took Global Crossing a full year to receive a permit authorizing it to begin construction. The delay, however, had nothing to do with rights-of-way management (i.e., the time, place and manner of Global Crossing's deployment), but was the result of the city's insistence on fees and conditions that were clearly prohibited by Section 253. Among the demands made by the city during the course of the negotiations were a percent of revenue fee, an excessive per-foot fee, construction of a municipal telecommunications network, and an acknowledgement that Global Crossing would waive its right to challenge the legality of the permit's provisions. Thus, despite the provisions of Section 253, and a relatively strong California law that limits a local government's ability to extract fees and demand conditions that are unrelated to the incidental and direct effects a provider has on the rights-of-way, 11 the city was able to use its strategic location in the middle of the route, the ambiguities in Section 253, and lack of an effective enforcement mechanism, to hold out for concessions

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¹¹ Cal. Pub. Util. Code §§ 7901, 7901.1; Cal. Gov't Code § 50030.

- to which it was not legally entitled. The effect was to delay significantly the deployment of this segment of Global Crossing's advanced telecommunications network.
- Global Crossing has a trans-Atlantic submarine cable system that lands in Suffolk County, New York. In order to ground this cable system, Global Crossing needed to access a remote corner of a County-owned parking lot. The County land appraiser valued the easement at under \$35,000; however, notwithstanding this appraisal, the County Legislature proposes to charge Global Crossing \$160,000 for access to this land more than 5 times the appraised value of the easement. Here again, a local unit of government was able to play off the lack of clarity in current law, and the inability of providers to enforce effectively the provisions of Section 253, to assess a fee that was orders of magnitude higher than the fair market value of the land, and neither fair nor reasonable.
- Global Crossing faced similar issues at the state level. Two segments of Global Crossing's Pacific Crossing submarine cable system ("PC-1") land in Mukilteo, Washington with a terrestrial backhaul to Seattle. In order to land in Mukilteo, the PC-1 segments traverse state submerged lands in Puget Sound and the Straits of Juan de Fuca, which are administered by the Washington Department of Natural Resources ("WDNR"). Although two previous fiber optic cables were required to pay approximately \$400,000 and \$500,000, respectively for 20-year permits to cross these submerged lands, WDNR ultimately required Global Crossing to pay \$5 million for a seven and one-half year permit for the PC-1 segments, with the requirement that additional payments be negotiated for renewal terms beyond the initial seven and one-half year term.
- In response to the Commission's Right-of-Way NOI, Global Crossing previously voiced its concerns regarding a "special meeting" of an association of state land commissioners on rights-of-way for fiber optic cables, in which the various states sought to develop a "common approach" to valuing and negotiating rights-of-way. As Global Crossing previously reported to the Commission, according to the meeting agenda, the purpose of the meeting was to "provide an opportunity for Land Commissioners to meet to discuss current and expected future demand for use of state-owned lands for rights-of-way for fiber-optic cable, understand the true market values involved, and lay the foundation for a common approach to valuing, negotiating, and administering these rights-of-way." (Emphasis added.) (Western States Land Commissioners Ass'n Meeting Agenda (June 1999).) Such an agreement among states for valuing and negotiating rights-of-way is likely to inhibit market forces that might otherwise limit rights-of-way fees that states impose, and thus raises significant competitive concerns.
- Also at the state level, in February 2001, the Florida Department of
 Environmental Protection ("FDEP") proposed the establishment of submarine
 cable "corridors" for the deployment of undersea cables, and the imposition of
 excessive per-foot fees for non-corridor installations. The significant fees for noncorridor installations, of at least \$800,000 per year, would have effectively
 excluded cable installations from over 90 percent of the Florida coastline. These

government-imposed corridors would limit the ability of telecommunications providers to meet the emerging needs of the people of that state and beyond. Further, corridors would have artificially inflated "upland" costs of access to both public and private rights-of-way by restricting the entry of such cables to so few areas. As such, the FDEP's proposed corridors and fees structure created precisely the type of barrier to entry that Congress sought to prevent when enacting Section 253. 12

Global Crossing and the industry have faced similar issues at the federal level. For example, the two segments of PC-1 discussed above that land in Washington State, also traverse the Olympic Coast National Marine Sanctuary. Pursuant to a special use permit required by the National Oceanic and Atmospheric Administration ("NOAA") to cross the sanctuary, Global Crossing was required to make over \$7 million in special mitigation construction commitments and pay \$4.75 million in fees to NOAA for monitoring and related activities, including the construction of a marine sanctuary visitor center. In addition to these fees, however, NOAA has opened a proceeding to impose a separate "fair market value fee" on Global Crossing and other entities deploying submarine cables that traverse national marine sanctuaries. Under the methodology employed by a NOAA Staff report, on which the agency is now seeking comment, the agency initially proposed to charge \$120,000 per-mile for existing and future installations, which would impose an additional "fair market value fee" of \$7.2 million on the Pacific Crossing cable. In light of these proposed fees and other actions by NOAA, Global Crossing understands that two cable operators have already abandoned their proposed sanctuary routes. Again, this fee has nothing to do with the actual and direct cost to NOAA of managing the national marine sanctuary resource, but appears to be based on a telecommunications provider's "willingness to pay."

¹² In September, 2001 the FDEP revised its proposal to reduce the fees to be charged outside of the corridors, but retained the corridors. Permits sought within the corridors would benefit from an expedited permitting process, suggesting that non-corridor cables would be subject to an amorphous process.

- II. THE COMMISSION SHOULD REPORT THAT, BECAUSE OF THE AMBIGUITIES IN SECTION 253, PROVIDERS OF ADVANCED TELECOMMUNICATIONS CAPABILITY FACE NUMEROUS BARRIERS TO ENTRY, AND SHOULD TAKE CONCRETE STEPS TO PROMOTE THE DEPLOYMENT OF ADVANCED TELECOMMUNICATIONS CAPABILITY
 - A. The Commission Should Report That Providers Of Advanced
 Telecommunications Capability Face Numerous Barriers To Entry As A
 Result Of Section 253's Lack Of Clarity And Limited Scope

Section 253 was designed to prevent state and local barriers to entry. In practice, however, the policy paradigm envisioned by Section 253 – whereby state and local governments would remove unnecessary barriers to competitive entry and collect only "fair and reasonable compensation" – has failed. Rather than abide by the spirit, if not the letter, of the 1996 Act, governmental units at the state and local levels have exploited Section 253's ambiguities and limited scope to extract concessions to which they otherwise would not be entitled. In particular, Global Crossing's experience, as well as those of others in the industry, evidence the following problems with Section 253:

- The absolute bar contained in Section 253(a) applies to the provision of telecommunications services, a point which governments have used in arguing that the provision does not reach companies deploying next generation broadband networks.¹³
- The reach of Section 253(c) has been subject to litigation regarding whether subsection (c) is a safe harbor for Section 253(a), and thus requires a showing that the statute or regulation is a bar to entry, or whether subsection (c) is an independent private right of action that establishes standards for reasonable rights-of-way management and compensation.¹⁴
- The question of what is "fair and reasonable compensation," and whether it is being required on a "competitively neutral and nondiscriminatory basis,"

¹³ See Qwest Communications v. City of Berkeley, Order, Case No. C01-0663 at 12 (N.D. Calif., May 22, 2001).

¹⁴ See City of Auburn v. Qwest Corp., Order and Amended Opinion, Case Nos. 99-36173 and 99-36219 at 8870 (9th Cir., amended July 10, 2001) (finding that only regulation that do not fall within the safe harbor provision of subsection (c) are preempted); BellSouth Telecommunications v. Town of Palm Beach, 2000 WL 567711 at 12-14 (11th Cir., May 25, 2001) (finding that subsection (c) is a safe harbor, or an exception to subsection (a), rather than a separate limitation on state and local authority). But see TCG Detroit v. City of Dearborn, 206 F.3d 618, 624 (6th Cir. 2000) (finding that subsection (c) imposed substantive limitations on state and local authority).

particularly with respect to compensation, has been subject to significant litigation. ¹⁵

- Section 253 applies only to rights-of-way, rather than public lands generally.
- Section 253 does not apply to the rights-of-way practices of the federal government.
- Carriers have been forced to waive their right to challenge unlawful terms and fees as a condition of receiving rights-of-way permits.

As a result, Section 253 has failed to remove the numerous barriers to entry faced by telecommunications providers operating in the real world. By taking advantage of these numerous loopholes and ambiguities, state and local units of government have imposed costly delays, fees and other requirements on telecommunications providers.

Moreover, because Section 253 does not apply to the federal government, federal agencies are unconstrained even by the requirements of current law.

The Commission should use the record in this proceeding, as well as the evidence presented in past proceedings, to report on the obstacles to deployment currently faced by providers of advanced telecommunications capacity resulting from the rights-of-way practices of federal, state and local units of government. In particular, the Commission should emphasize that, if barriers to entry are going to be eliminated, Congress needs to clarify and broaden the scope of Section 253.

¹⁵ See City of Auburn v. Qwest Corp. Order and Amended Opinion, Case Nos. 99-36173 and 99-36219 at 8869 (9th Cir., amended July 10, 2001) (finding that, among other things, non-tax fees that "are not based on the costs of maintaining the right-of-way, as required by the Telecom Act," violated Section 253); Bell Atlantic-Maryland, Inc. v. Prince George's County, 49 F. Supp.2d 805, 814-15 (D. Md. 1999) (finding that, among other things, a 3 percent of gross revenue fee was unlawful under Section 253), rev'd on other grounds, 212 F. 3d 863 (4th Cir. 2000). But see TCG Detroit v. City of Dearborn, 206 F.3d 618, 625 (6th Cir. 2000) (finding that a 4 percent of revenue did not violate Section 253).

B. The Commission Should Use Its Authority Under Section 253(d) To Promote The Deployment Of Advanced Telecommunications Capability

In addition to including in its Section 706 Report a discussion of the numerous obstacles to deployment and the need for Congress to clarify and broaden the scope of Section 253, the Commission should enact new regulations that promote the deployment of advanced telecommunications capability. Consistent with the 1996 Act, Section 253, and its authority under Section 706 of the 1996 Act, ¹⁶ the Commission has the authority to exercise greater jurisdiction over states and local governments that may be impeding the deployment of advanced services. As discussed above, the rights-of-way management and compensation practices of federal, state and local governments impose significant costs and unreasonable burdens on telecommunications providers. These barriers to entry violate Section 253(a), and thus may be preempted by the Commission under Section 253(d). The Commission should use this preemption authority to adopt rules that delineate the permissible scope of management authority over rights-of-way and promote the deployment of advanced services.

- The Commission should establish parameters of appropriate rights-of-way
 management, including provisions governing compensation schemes and
 requirements being imposed as a condition for access. These rules should
 limit "fair and reasonable" compensation to the actual and direct costs
 incurred by the state or local government, and should make clear that any
 conditions imposed shall be directly related to management of the local rightsof-way.
- The Commission should set forth a time frame within which governmental
 entities must act on requests for access to rights-of-way, as well as expedited
 dispute resolution procedures.
- The Commission should make clear that existing arrangements that violate these provisions may be challenged by providers and set aside by the Commission.

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¹⁶ Section 706 authorizes the Commission to utilize "measures that promote competition in the local telecommunications market, or other regulatory methods that remove barriers to infrastructure investment."

The Commission should enact expedited enforcement procedures. These rules should include a time frame for decisions on rights-of-way requests and establish procedures that will provide a prompt and effective process for resolving disputes.

The Commission should clarify that carriers may never be forced to waive their right to challenge rights-of-way fees and practices, and that such a waiver can never be part of any rights-of-way agreement.

CONCLUSION

Global Crossing respectfully requests that the Commission include in its Section 706 report a discussion of the barriers to the deployment of broadband networks associated with the abusive rights-of-way practices of federal, state and local units of government. In its report, the Commission should also suggest that Congress clarify and broaden the scope of Section 253. In addition, the Commission should use its preemption authority under Section 253(d), as well as its authority under Section 706, to enact new regulations delineating the proper scope of right-of-way management authority, limiting excessive compensation schemes, establishing specific time frames within which governmental entities must act, and enacting expedited enforcement procedures.

Respectfully submitted,

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Dated: September 24, 2001

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of September 2001, a copy of the foregoing Comments was served by hand, on each of the persons listed on the attached service list.

Joanne Little

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